

Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author: Maze Analyst: Jane Tolman Bill Number: AB 988
 Related Bills: See Original Analysis History Telephone: 845-6111 Amended Date: 05-29-2003
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Qualified Medical Care Professionals Credit/FTB Report To Legislature Annually On Use Of Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended

AMENDMENTS IMPACT REVENUE. .

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended May 14, 2003.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 15, 2003, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would allow a tax credit for doctors who treat Medi-Cal beneficiaries in specified counties, or in either qualified health centers or in clinics that are operated by a federally recognized Indian tribe or the Indian Health Service.

SUMMARY OF AMENDMENTS

The May 29, 2003, amendments added language that would expand the definition of a "qualified medical professional" to include an employee at a clinic operated by a federally recognized Indian tribe or the Indian Health Service.

The amendments did not resolve the technical and policy concerns identified in the department's analysis of the bill as amended May 14, 2003. These concerns still apply and are restated below for convenience.

As a result of the amendments, two new technical concerns have been identified. The remainder of the department's analysis of this bill as amended May 14, 2003, still applies.

POSITION

Pending.

Board Position:

| | | |
|-----------------------------|------------------------------|---|
| <input type="checkbox"/> S | <input type="checkbox"/> NA | <input type="checkbox"/> NP |
| <input type="checkbox"/> SA | <input type="checkbox"/> O | <input type="checkbox"/> NAR |
| <input type="checkbox"/> N | <input type="checkbox"/> OUA | <input checked="" type="checkbox"/> PENDING |

Department Director

Date

Brian Putler

06/17/03

TECHNICAL CONSIDERATIONS

The language added by the May 29, 2003, amendments to the definition of “qualified medical care professional” could be confusing to taxpayers. Included in the definition of a “qualified health center” is “an outpatient health program or facility operated either by a tribe or tribal organization under the Indian Self-Determination Act (25 U.S.C. sec. 450f et seq.)” or by certain urban Indian organizations. Since the federally recognized Indian tribes and Indian Health Services are already included in the definition, the author may wish to delete what appears to be redundant language.

The language specifying when the carryover period begins and ends was inadvertently omitted from the previous amendments provided to the author. The attached amendment corrects the credit carryover language.

POLICY CONCERNS

This bill would provide a tax benefit for personal income taxpayers that would not be provided to corporate taxpayers. A medical care professional who has incorporated his or her medical practice would not be eligible for this credit, thus this bill would provide different treatment based solely on the choice of business entity.

LEGISLATIVE STAFF CONTACT

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB988
As Amended May 29, 2003

AMENDMENT 1

On page 2, line 14, delete "a either" and insert:

either a

AMENDMENT 2

On page 3, line 29 delete "seven years" and insert:

year, and the seven succeeding years if necessary, until the credit is exhausted.